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*Proposed
Legislation*

General Counsel

ATTN :Mr. Walter Pforzheimer
Comptroller

Proposed Amendment to the Foreign Service Act of 1946

REFERENCE: Your Memorandum Dated 26 August 1955 Addressed to AD/00, Comptroller and SSA/DD/S Subject as Above

1. The following are our comments on the proposed amendment to the Foreign Service Act of 1946.
 - a. The proposed amendment limits the authority of the Secretary to authorize and assist in the establishment of service facilities operated by employees of the Service to commissary and mess services. This limitation appears to be too restrictive and we are of the opinion that the amendment should be expanded to authorize the Secretary to assist employees of the Service in the establishment of other non-government personnel service facilities when such facilities are operated by the employees.
 - b. There is no provision in the proposed amendment for the disposition of profits earned by commissary or mess services which are operated by employees. We are of the opinion that the amendment should provide that all profits of facilities operated by employees shall be the property of its members. This change appears desirable in view of the possibility that, in the absence of such a provision, such profits may be considered to be quasi-governmental funds which must be returned to the United States Treasury as miscellaneous receipts.
 - c. The proposed amendment should provide authority for the establishment and operation of a revolving fund. This fund to be established by contributions from profits of employee operated facilities and to be available for financing the establishment or expansion of employee operated facilities when authorized by the Secretary.
 - d. The proposed amendment should be expanded to provide that space, equipment and services made available to employee operated facilities will be charged to the facilities on the basis of the increased cost to the government resulting from furnishing such items to these facilities.

State Dept., OGC reviews completed. On file OMB release instructions apply.

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2. The following are our views regarding the desirability of having similar legislative authority for CIA.
 - a. The Office of the General Counsel in a memorandum to the Deputy Comptroller dated 20 June 1955 states that the administration and operation of station messes and other service facilities can be justified legally only when such expenditures are necessary because of the peculiar functions of CIA.
 - b. In the absence of additional legislation CIA does not have authority to authorize and assist in the establishment of many types of personnel service and other facilities which would be operated by employees and which appear to be desirable for improved employee relationship.
 - c. Legislative authority to operate mess and commissary facilities and to authorize and assist in the establishment of messes, commissaries and other personnel service facilities which will be operated by Agency personnel would in our opinion be beneficial to this Agency. In time the establishment and operation of service facilities with private funds would tend to reduce CIA's cost of operation and would greatly improve the morale of employees on overseas tours of duty.

E. R. SAUNDERS

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TAS/MGG/bay (8 Sept 55)
Orig. & 1 Addressee
1 - Comptroller *w/basic*
1 - TAS Subject Return
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